



PERFORMANCE PLAN

ENTERED INTO AND BETWEEN:

SETSOTO LOCAL MUNICIPALITY


AS REPRESENTED BY THE MUNICIPAL MANAGER

NOMVULA MALATJIE
MUNICIPAL
["THE EMPLOYER"]

And

LEFA MOLETSANE
DIRECTOR FINANCIAL SERVICES
["THE EMPLOYEE"]

FOR THE FINANCIAL YEAR 01 JULY 2023-30 JUNE 2024

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1. Purpose

The Performance Plan defines the council's expectations of the Municipal Manager's Performance Agreement to which this document is attached and Section 57(5) of the Municipal Systems Act, 32 of 2000, which provides that performance objectives and targets must be based on the Key Performance Indicators as set in the municipality's Integrated Development Plan and as reviewed annually.

2. Key Responsibilities

The following predetermined objectives of the Setsoto Local Municipality will inform the Municipal Manager's performance against set performance indicators:

- 2.1. Supporting the delivery of municipal services to the right quality and standard
- 2.2. Creating a conducive environment for economic development
- 2.3. Building institutional resilience and administrative capability
- 2.4. Ensuring sound financial management and accounting
- 2.5. Promoting good governance, transparency and accountability
- 2.6. Putting people first and engaging with communities

3. Key Performance Areas

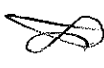
The following Key Performance Areas as outlined in the Back to Basic Principles inform the predetermined objectives listed above:

- 3.1 Basic Services
- 3.2 Local Economic Development
- 3.3 Institutional Capacity
- 3.4 Financial Management
- 3.5 Good Governance, Transparency and Accountability
- 3.6 Public Participation

4. Director Financial Services' Top-Layer Service Delivery and Budget Implementation Plan 2023/2024

Key Performance Area		Basic Services									
Predetermined Objective		Supporting the delivery of municipal services to the right quality and standard									
Number	Key Focus Area	Key Performance Indicator	Baseline Indicator	Annual Target	Quarterly Performance Targets				Weighting	Evidence	
					Quarter 1	Quarter 2	Quarter 3	Quarter 4		Munsoft Report	Indigent Register
DFBS001	Basic service delivery	Number of indigent households registered in the Indigent Register for the bi-annual registration period from 01/07/2023 to 30/06/2025 [target for 2023/24]	7 186	4 000	1 000	2 000	3 000	4 000	30%	Munsoft Report	Indigent Register
DFBS002	Basic service delivery	Percentage of municipality's Free Basic Service's budget spent on provision of Free Basic Services to registered indigent households [indigent relief for free basic services]	100%	100%	20%	40%	75%	100%	20%	Monthly and/or C-Schedule	Financial Report
DFBS003	Basic service delivery	Percentage of FWPQ finalised within 10 working days from the closing date for submission of quotations to improve service delivery.	New	95%	95%	95%	95%	95%	20%	FWPQ Register and/or FWPQ Reports	
DFBS004	Basic service delivery	Percentage of capital projects funded under conditional grants [MIG, RBIG and WSIG] paid within 30 working days of receipt of invoice.	New	95%	95%	95%	95%	95%	30%	Invoice and Proof of payment [proof of payment showing number of days from receipt date to payment date]	
Total			4	4	4	4	4	4	100%		

Key Performance Area		Local Economic Development									
Predetermined Objective		Creating a conducive environment for economic development									
Number	Key Focus Area	Key Performance Indicator	Baseline Indicator	Annual Target	Quarterly Performance Targets				Weighting	Evidence	
					Quarter 1	Quarter 2	Quarter 3	Quarter 4		Presentation and attendance register for the workshop on Supply Chain Management Policy and Preferential Procurement Policy	Chain Management Report on transactions up to R30 000
DFLED001	Local Economic Development	Conduct one workshops for local Small Medium Enterprise on Supply Chain Management and Preferential Procurement Policies	New	1	1	N/A	N/A	N/A	50%	Presentation and attendance register for the workshop on Supply Chain Management Policy and Preferential Procurement Policy	
DFLED002	Local Economic Development	Allocate 70% of the procurement of goods and services between R10 000 and R30 000 to local Small Medium Enterprise	New	70%	70%	70%	70%	70%	30%	Supply Chain Management Report on transactions up to R30 000	
DFLED003	Local Economic Development	Percentage of creditors physically residing within the municipal area paid within 30 days of receipt of relevant invoice / statements [and all other supporting documentation]	New	80%	80%	80%	80%	80%	20%	Monthly Report on the Creditor's Payment Period	
Total				3	3	2	2	2	100%		

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Key Performance Area		Institutional Capacity										Evidence
Predetermined Objective		Key Performance Indicator	Annual Target	Quarterly Performance Targets				Weighting				
Number	Key Focus Area			Quarter 1	Quarter 2	Quarter 3	Quarter 4					
DFIC001	Monitoring and Evaluation and Performance Management and Development System	Number of Performance Agreements signed between the Municipal Manager and the Director within the department annually by the 31 July 2023	0	5	1	N/A	N/A	N/A	N/A	30%	Signed Performance Agreements, inclusive of Performance Plan and Personal Development Plan	
DFIC002	Monitoring and Evaluation and Performance Management and Development System	Number of Performance Agreements signed between the Director and Divisional Managers within the department annually by the 31 July 2023	0	5	5	N/A	N/A	N/A	N/A	20%	Signed Performance Agreements between Chief Financial Officer and Divisional Managers.	
DFIC003	Monitoring and Evaluation and Performance Management and Development System	Number of performance appraisals for all managers conducted annually for each quarter of the 2023/24 financial year	0	20	5	5	5	5	5	30%	Invitations Portfolio of Evidence Attendance Registers Quarterly Performance Report Appraisal Committee Members	
DFIC004	Monitoring and Evaluation and Performance Management and Development System	Number of officials trained on Municipal Financial Management Program	New	5	N/A	N/A	N/A	N/A	5	20%	Appointment Letter for the Service Provider to conduct Municipal Management Program training	
Total			0	4	3	2	1	1	1	100%		

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Key Performance Area		Financial Management									
Predetermined Objective		Ensuring sound financial management and accounting									
Number	Key Focus Area	Key Performance Indicator	Baseline Indicator	Annual Target	Quarterly Performance Targets				Weighting	Evidence	
					Quarter 1	Quarter 2	Quarter 3	Quarter 4			
DFFM001	Asset Management	Number of GRAP compliant Fixed Asset Register [2022/23] compiled and submitted to the Auditor General of South Africa by 31 August 2023	1	1	1	N/A	N/A	N/A	15%	Acknowledgement Letter of the 2022/23 FAR by the Auditor General of South Africa.	
DFFM002	Asset Management	Number of reports on 'asset additions' for the 2023/24 financial year	New	12	3	3	3	3	5%	Asset Management Report depicting assets procured for a specific reporting period	
DFFM003	Budget and Financial Reporting Management	Number of funded annual budget compiled by the municipality for the 2024/2025 financial year	1	1	N/A	N/A	1	10%	2024/25 Municipal Budget & Reporting A Schedule or FSPT Assessment Report		
DFFM004	Budget and Financial Reporting Management	Number of funded adjustment budget compiled by the municipality for the 2023/24 financial year	New	1	N/A	N/A	1	5%	Adjustment Budget for 2023/24 financial year		
DFFM005	Budget and Financial Reporting Management	Number of GRAP compliant Annual Financial Statements [2022/2023] compiled and submitted to the Auditor General of South Africa by 31 August 2023	1	1	1	N/A	N/A	15%	Acknowledgement Letter of the 2022/23 AFS by the Auditor General of South Africa.		
DFFM006	Expenditure Management	Amount reduced of current year Fruitless and wasteful expenditure to not more than R600 000 [transactions for 2023/24 financial year]	New	R600 000	R150 000	R150 000	R150 000	5%	Irregular and Fruitless & Wasteful Expenditure Report		
DFFM007	Expenditure Management	Number of reports on MFMA Sec. 11 [withdrawals report]	New	12	3	3	3	10%	MFMA Sec. 11 withdrawals reports		
DFFM008	Revenue Management	Percentage payment rate on the billed revenue	43%	75%	25%	48%	62%	10%	Actual amount collected (cash)/amount billed for the period (per billing cycle-excluding any debt write-off)		
DFFM009	Supply Chain Management	Percentage spending on the approved operating expenditure budget	95%	95%	18%	46%	62%	10%	Monthly Financial Report C-Schedule		
DFFM010	Supply Chain Management	Reduction of current year irregular expenditure amount to not more than R4 million [transactions for 2023/24 financial year]	New	R4 000 000	R1 000 000	R1 000 000	R1 000 000	5%	Irregular and Fruitless & Wasteful Expenditure Report		
DFFM011	Supply Chain Management	Number of quarterly reports on the implementation of the Supply Chain Management policy	New	4	1	1	1	10%	Quarterly Report on the Implementation of the Supply Chain Management Policy		
Total			11	11	9	8	7	8	100%		

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Financial Ratios as per Circulars 71 and 88																	
Financial Management																	
Ensuring sound financial management and accounting																	
Predetermined Objective Number	Planning Statement	Outcome	Outcome Indicator	Output Indicator	Key Performance Indicator	Type	Unit of Measure	Baseline Indicator	Original Target	Adjusted Target	Financial and Non-Financial Performance Quarterly Targets				Evidence	Weighting	
											Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target			
DFFR001	Ensuring sound financial management and accounting	Sound financial management	Financial Position	Assets Management	Percentage capital expenditure to total expenditure	Target Budget	Percentage Rand	New 0	12%			N/A	N/A	N/A	12%	2024/25 Final Annual Budget	5%
DFFR002	Ensuring sound financial management and accounting	Sound financial management	Financial Position	Assets Management	Repairs and maintenance as a percentage property, plant and equipment, investment property and intangible assets (carrying value)	Target Budget	Percentage Rand	New	4%			N/A	N/A	N/A	5%	2024/25 Final Annual Budget	4%
DFFR003	Ensuring sound financial management and accounting	Sound financial management	Debtor Management	Bad debts	Bad debt written off as a percentage of bad debt provision	Target Budget	Percentage Rand	New	25%			N/A	N/A	N/A	N/A	2022/23 Annual Financial Statements and 2024/25 Final Annual Budget	4%
DFFR004	Ensuring sound financial management and accounting	Sound financial management	Debtor Management	Net debtors days	Number of days required to receive payment from consumers bills/invoices issued to them for service	Target Budget	Days Rand	New	400			N/A	N/A	N/A	N/A	2023 Audited Annual Financial Statements	4%
DFFR005	Ensuring sound financial management and accounting	Sound financial management	Liquidity Management	Operating commitments	Period in months within which the municipality will be able to meet at least its monthly fixed operating commitments from cash and short-term investments without collecting any additional revenue, during the month	Target Budget	Months Rand	New 0	1 840 040			N/A	N/A	N/A	N/A	2023 Audited Annual Financial Statements	4%

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Financial Ratios as per Circulars 71 and 88


Key Performance Area

Predetermined Objective

Financial Management

Ensuring sound financial management and accounting

Number	Planning Statement	Outcome	Outcome Indicator	Output Indicator	Key Performance Indicator	Type	Unit of Measure	Baseline Indicator	Original Target	Financial and Non-Financial Performance Quarterly Targets				Evidence	Weighting
										Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target		
DFFR006	Ensuring sound financial management and accounting	Sound financial management	Liquidity Management	Creditor management	Range within the municipality is able to payback its short-term liabilities (Debt and Payables) with short-term assets (cash, inventory and receivables)	Target Budget	Range Rand	New	1.5	N/A	1.5	N/A	N/A	2023 Audited Annual Financial Statements	4%
DFFR007	Ensuring sound financial management and accounting	Sound financial management	Liability Management	Borrowing	Capital Cost (Interest Paid and Redemption) as percentage to total Operating Expenditure	Target Budget	Percentage Rand	New	8%	N/A	8%	N/A	N/A	2023 Audited Annual Financial Statements	4%
DFFR008	Ensuring sound financial management and accounting	Sound financial management	Liability Management	Debt	Extend of total borrowing in percentage in relation to total operating revenue	Target Budget	Percentage Rand	New	45%	N/A	45%	N/A	N/A	2023 Audited Annual Financial Statements	4%
DFFR009	Ensuring sound financial management and accounting	Sound financial management	Sustainability	Cash Reserves	Extend in percentage, to which other reserves, which are required to be cash-backed are backed by cash reserves	Target Budget	Percentage Rand	New	80%	N/A	80%	N/A	N/A	2023 Audited Annual Financial Statements	4%
DFFR010	Ensuring sound financial management and accounting	Financial Performance	Efficiency	Operating Surplus	Percentage operating surpluses generated	Target Budget	Percentage Rand	New	0%	N/A	0%	N/A	0%	Final/adopted 2024/25 MTREF	4%
DFFR011	Ensuring sound financial management and accounting	Financial Performance	Efficiency	Electricity surplus/deficit	Percentage electricity surplus generated	Target Budget	Percentage Rand	New	7%	N/A	7%	N/A	7%	Final/adopted 2024/25 MTREF	4%
DFFR012	Ensuring sound financial management and accounting	Sound financial management	Efficiency	Water surplus/deficit	Percentage water surplus generated	Target Budget	Percentage Rand	New	5%	N/A	5%	N/A	5%	Final/adopted 2024/25 MTREF	4%
DFFR013	Ensuring sound financial management and accounting	Sound financial management	Efficiency	Refuse surplus/deficit	Percentage refuse surplus generated	Target Budget	Percentage Rand	New	5%	N/A	5%	N/A	5%	Final/adopted 2024/25 MTREF	4%
DFFR014	Ensuring sound financial management and accounting	Sound financial management	Efficiency	Sanitation and wastewater surplus/deficit	Percentage sanitation and wastewater surplus generated	Target Budget	Percentage Rand	New	5%	N/A	5%	N/A	5%	Final/adopted 2024/25 MTREF	4%


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Financial Ratios as per Circulars 71 and 88
 Key Performance Area: Financial Management
 Predetermined Objective: Ensuring sound financial management and accounting

Number	Planning Statement	Outcome	Outcome Indicator	Output Indicator	Key Performance Indicator	Type	Unit of Measure	Baseline Indicator	Original Target	Financial and Non-Financial Performance Quarterly Targets				Evidence	Weighting
										Quarter 1 Target	Quarter 2 Target	Quarter 3 Target	Quarter 4 Target		
DFFR015	Ensuring sound financial management and accounting	Sound financial management	Revenue Management	Revenue Growth	Percentage revenue growth	Target Budget	Percentage Rand	New	4%	N/A	N/A	N/A	4%	Final/adopted 2024/25 MTREF	4%
DFFR016	Ensuring sound financial management and accounting	Sound financial management	Revenue Management	Revenue Growth (excluding capital grants)	Percentage revenue growth (excluding capital grants)	Target Budget	Percentage Rand	New 0	4%	N/A	N/A	4%	Final/adopted 2024/25 MTREF	4%	
DFFR017	Ensuring sound financial management and accounting	Sound financial management	Expenditure Management	Creditor payment period	Number of days taken to pay trade creditors	Target	Days	44	45	45 days	45 days	45 days	Expenditure Division Monthly report	4%	
DFFR018	Ensuring sound financial management and accounting	Sound financial management	Expenditure Management	Irregular expenditure incurred	Percentage of irregular expenditure incurred against 2023/24 budget	Target Budget	Percentage Rand	New 0	5%	5	5	5	Irregular Expenditure Register	4%	
DFFR019	Ensuring sound financial management and accounting	Sound financial management	Expenditure Management	Fruitless and wasteful expenditure incurred	Percentage of fruitless and wasteful incurred against operating expenditure 2023/24 budget	Target Budget	Percentage Rand	New 0	5%	5%	5%	5%	Fruitless and wasteful Expenditure Register	5%	
DFFR020	Ensuring sound financial management and accounting	Sound financial management	Expenditure Management	Unauthorised expenditure incurred on cash items	Unauthorised expenditure incurred on cash-items in the 2022/23 budget	Target Budget	Percentage Rand	New 0	5%	N/A	N/A	N/A	2022/23 Annual Financial Statements	4%	
DFFR021	Ensuring sound financial management and accounting	Sound financial management	Expenditure Management	Contracted services expenditure	Percentage contracted services expenditure to total operating expenditure	Target Budget	Percentage Rand	New	2%	N/A	N/A	2%	Final/adopted 2024/25 MTREF	4%	
DFFR022	Ensuring sound financial management and accounting	Sound financial management	Grant dependency	Own funded capital expenditure	Percentage of internally generated funds for capital expenditure to total operating expenditure	Target Budget	Percentage Rand	0% 0	5%	N/A	N/A	N/A	Final/adopted 2024/25 MTREF	5%	
DFFR023	Ensuring sound financial management and accounting	Sound financial management	Grant dependency	Own source revenue	Percentage own source revenue to total operating revenue	Target Budget	Percentage Rand	New 0	55%	N/A	N/A	55%	Final/adopted 2024/25 MTREF	5%	
Total								23	23	3	10	4	14		100%

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Good Governance, Transparency and Accountability												
Promoting Good Governance, Transparency and Accountability												
Key Performance Area	Predetermined Objective	Key Focus Area	Key Performance Indicator	Baseline Indicator	Annual Target	Quarterly Performance Targets				Weighting	Evidence	
						Quarter 1	Quarter 2	Quarter 3	Quarter 4			
DFGG001	Revenue and Expenditure Management	Revenue and Expenditure	Number of Expenditure Reduction Strategies reviewed and approved by Municipal Manager	1	1	N/A	N/A	N/A	N/A	10%	Signed Reduction Strategy	
DFGG002	Revenue and Expenditure Management	Revenue and Expenditure	Number of Revenue Enhancement Strategies; Loss Reduction Strategy and Cost Containment Strategy reviewed; approved and implemented.	1	1	N/A	N/A	N/A	N/A	10%	RES / LRS / CCS Implementation Plan	
DFGG003	Revenue and Expenditure Management	Revenue and Expenditure	Number of policies developed on the treatment of Unauthorised, Irregular and Fruitless Expenditure including standard operating procedures for treatment of deviations.	1	1	N/A	N/A	N/A	N/A	15%	Unauthorised, Irregular and Fruitless Expenditure Policy [SOPs for Deviations]	
DFGG004	Governance Structures		Number of departmental meetings held annually with Divisional Managers.	4	4	1	1	1	1	10%	Attendance Registers and Minutes of the meetings	
DFGG005	External Audit		Number of Audit Action Plan developed to address Auditor General of South Africa Audit Findings on the Audit Report 2022/2023 and submitted to council for approval on or before 31 January 2024.	1	1	N/A	N/A	1	N/A	15%	Audit Action Plan for the 2022/23 financial year audit	
DFGG006	External Audit		Number of progress reports on the implementation of the external Audit Action Plan for 2022/2023 audit report.	4	5	N/A	N/A	2	3	10%	Monthly Progress Report on the implementation of the Audit Action Plan	
DFGG007	Internal Audit		Percentage of progress reports on the implementation of the internal audit unit findings 2023/2024 financial year	New	100%	100%	100%	100%	100%	10%	Internal Audit Unit Issued Findings Register	
DFGG008	Risk Management		Percentage of financial management strategic risks mitigated to an acceptable level	New	100%	100%	100%	100%	100%	10%	Updated Quarterly Risk Register and Report on Mitigation Strategies	
DFGG009	Risk Management		Percentage of financial management fraud risks mitigated to an acceptable level	New	100%	100%	100%	100%	100%	10%	Updated Quarterly Risk Register and Report on Mitigation Strategies	
Total				9	9	7	4	7	5	100%		

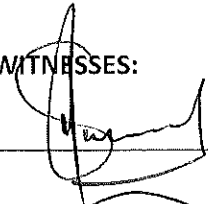
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Key Performance Area		Public Participation									
Predetermined Objective		Putting people first and engaging with communities									
Number	Key Focus Area	Key Performance Indicator	Baseline Indicator	Annual Target	Quarterly Performance Targets				Weighting	Evidence	
					Quarter 1	Quarter 2	Quarter 3	Quarter 4			
DFPP001	Public Participation	Number of budget timelines for the 2024/2025 financial year	New	1	1	N/A	N/A	N/A	N/A	60%	Budget timelines schedule developed and submitted to Council
DFPP002	Public Participation	Conduct one public participation meeting per town on the draft 2024/25 budget	New	4	N/A	N/A	N/A	N/A	4	20%	Attendance Register for draft budget on public consultation meetings
DFPP003	Public Participation	Number of advertisement calling for public comments on the draft budget related policies and draft budget for 2024/25	New	1	N/A	N/A	N/A	N/A	1	20%	Advert placed on newspapers or signed advert placed on municipal notice boards
Total			3	3	1	0	0	0	2	100%	


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Thus, done and signed at Ficksburg on this 31 day of July 2023

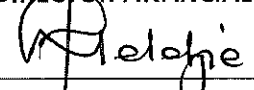
AS WITNESSES:

1.  _____

2.  _____



LEFA MOLETSANE
DIRECTOR FINANCIAL SERVICES



NOMYULA MALATJIE
MUNICIPAL MANAGER